

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6800

BILL NUMBER: SB 308

NOTE PREPARED: Dec 30, 2003

BILL AMENDED:

SUBJECT: Economic Development Target Areas.

FIRST AUTHOR: Sen. Meeks R

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill authorizes a city, town, or county to waive noncompliance with certain procedures that are otherwise required before the establishment of an economic development target area and the granting of tax abatements within that area.

Effective Date: Upon passage.

Explanation of State Expenditures: The Department of Local Government Finance (DLGF) is required to adopt rules to implement provisions relating to economic development areas. Because the proposal provides that failure of an economic development commission to make a favorable recommendation before adoption of an ordinance designating an economic development target area may be waived, the DLGF may need to modify existing rules. The DLGF should be able to do so given its current budget.

Explanation of State Revenues: The proposal provides that a city, town, or county may waive the requirement that an economic development commission must make a favorable recommendation before the adoption of an ordinance designating an area as an economic development target area. This provision may result in more areas being designated as economic development target areas which could result in property owners receiving deductions from the assessed value of their property. The state levies a small tax rate for State Fair and State Forestry. If the proposal results in a decrease in assessed valuation, the decrease would affect revenues collected for these two funds. The overall impact is not expected to be significant. Additionally, the revitalization of the area could subsequently result in an increase in overall assessed value.

Explanation of Local Expenditures: The proposal should not have a significant impact on local expenditures.

Explanation of Local Revenues: Total local revenues, except for cumulative funds, would remain unchanged. If the proposal results in a decrease in assessed valuation, revenues collected for cumulative funds would decrease. Revenues would be changed by the product of the fund rate multiplied by the decrease in assessed value amount applicable to that fund. However, the revitalization of the area could subsequently result in an increase in overall assessed value.

State Agencies Affected: Department of Local Government Finance

Local Agencies Affected: Cities, towns, and counties.

Information Sources:

Fiscal Analyst: Bernadette Bartlett, 317-232-9586.